

**A B S T R A C T**

The present invention is directed to decoding a video bitstream at a first resolution where embedded resizing is used in conjunction with external scaling in order to reduce the computational complexity of the decoding. According to the present invention, residual error frames are produced at a second lower resolution. Motion compensated frames are produced also at the second lower resolution. The residual error frames are then combined with the motion compensated frames to produce video frames. Further, the video frames are up-scaled to the first resolution.